

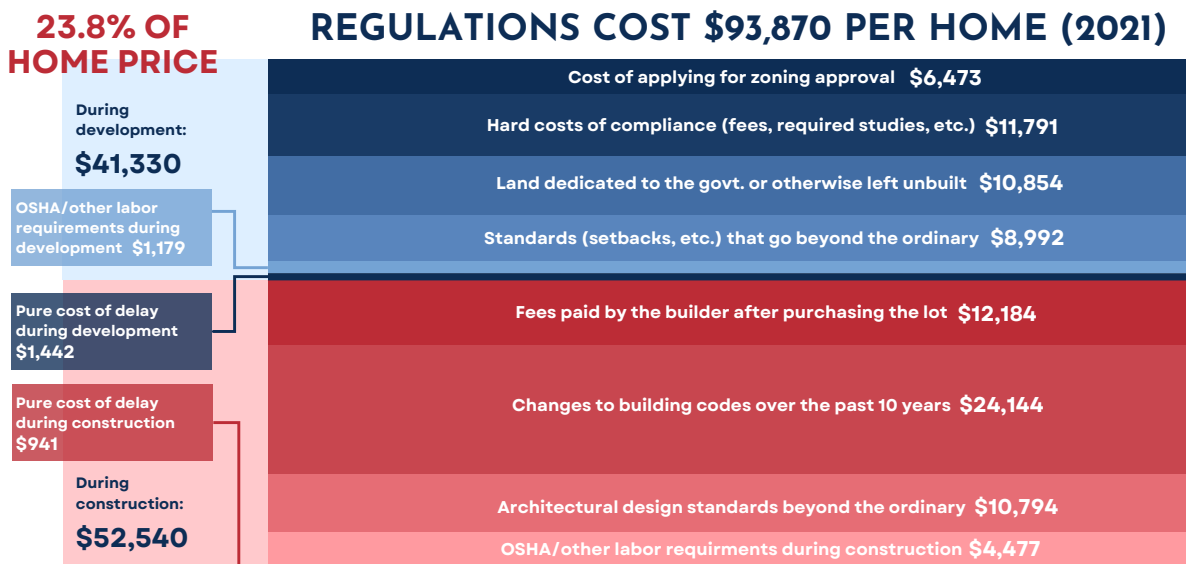
# HOME BUILDERS ASSOCIATION OF MICHIGAN POLICY AGENDA

## 2025 & 2026 LEGISLATIVE SESSION

### BACKGROUND

Michigan's housing crisis can be broken down as a supply and demand issue. There are not enough homes to meet the growing demand, which drives up the cost of a home. The National Association of Home Builders (NAHB) states that the median cost of a new home in Michigan costs \$430,566 in 2025, and requires an annual income of \$137,934.

NAHB does a nationwide study showing how regulations impact the cost of a new home. This study is completed every five years, with the last study in 2021 showing the national average being \$93,870. That is an 11% increase over the 2016 study.



Not only is there not enough housing supply, we are also seeing a workforce shortage in residential construction.

As the Home Builders Association of Michigan (HBAM) works to partner with the Michigan Legislature to solve the housing crisis, our government relations team will look at proposed legislation through the lens of housing to determine whether it would have a positive or negative impact on the industry if signed into law.

We have developed our policy agenda with a focus on three key areas: **workforce development, regulatory reform, and reducing costs** in the building process in order to build quality, attainable homes. Time is money in our industry.

### WORKFORCE DEVELOPMENT

We are facing a labor shortage which, if not addressed, will only add to the cost of a new build or a remodel project. The HBA of Michigan age-matched the licenses in the state, and as you can see from the graphic, we have some work to do.

**AVERAGE AGE: 56.42    MEDIAN AGE: 58**

#### 2025 MI LICENSED BUILDER AGE DATA

AGE RANGE	NUMBER OF BUILDERS IN RANGE
18-25	469
26-34	1,920
35-45	6,841
46-55	9,390
56-65	12,394
66+	11,192

## WORKFORCE DEVELOPMENT (CONTINUED)

**Continued Grant Funding for Skilled to Build Michigan Foundation** - Skilled to Build Michigan Foundation is the non-profit arm of the HBA of Michigan. In FY23, it received \$2M to reach every 8-12 grader in the state of Michigan with the “Build Your Future” book. In FY25, they received \$400,000 to reach 8<sup>th</sup> graders in the state of Michigan.

In FY26, they are seeking \$420,000 in grant funding to continue their outreach to 8th graders with the skilled trades book. This initiative helps build early awareness of career opportunities in the skilled trades, encouraging interested students to enroll in construction trades programs in high school. The Skilled to Build Michigan Foundation credential is recognized within the CTE Construction Trades program, and over the past three years, more than 400 students have earned the certification. The program continues to grow each year.

### Trades Hiring Concept

1) If an EMPLOYER hires an individual between the ages of 18 - 25 to work in the construction trades, the EMPLOYEE would not pay state income tax on the first \$10,000 of earnings. Once earnings go to \$10,001, standard individual income tax rates would apply to the amount above that threshold. Additionally, the EMPLOYER would receive a non-refundable tax credit against their Michigan Employment Tax for the first \$10,000 paid to each qualifying EMPLOYEE in this age group.

2) If an EMPLOYER hires an individual between the ages of 18 - 25 to work in the construction trades, the EMPLOYEE would not pay state income tax on the first \$20,000 of earnings. Once earnings go to \$20,001, standard individual income tax rates would apply to the amount above that threshold. Additionally, the EMPLOYER would receive a non-refundable tax credit against their Michigan Employment Tax for the first \$10,000 paid to each qualifying EMPLOYEE in this age group.

**Lower the Age Requirement from 18 to 16** - The median age of a licensed builder in Michigan is 58. If you compare the number of experienced builders vs. younger licensees entering the trades, it's clear we need to seriously consider reducing the age a young person can be on a jobsite and their ability to safely use power tools.

Representative Woolford has drafted HO2218'25 Draft 1 to address this issue. The legislation is replicate of what was signed into law in Florida.

## REGULATORY REFORM

**Code Promulgation** - Reintroduce code promulgation legislation with a focus only on the Michigan Residential Code. This would create an advisory council with stakeholders at the table to promulgate the Michigan Residential Code. Governor Snyder eliminated this process while he was in office, and it is time to bring it back - at least for the Michigan Residential Code.

**Single Staircase Design for Apartments** - We are seeing single-staircase designs being used around the country to provide larger apartments, while keeping tenants safe. Representative Wooden has draft legislation to address this issue.

**JCAR Constitutional Amendment** - This is an issue that has been discussed in the building community for at least a decade. When Governor Engler was in office, the outcome of a court case removed the “teeth” in the Joint Committee on Administrative Rules’ process. It’s time to give power to that committee. Representative Prestin has draft language, and the HBAM, MMA and MI Chamber are meeting with Representative Prestin on this constitutional amendment.

**Remove BCC Oversight Authority** - Currently there is no incentive for the Bureau of Construction Codes (BCC) to take away a local building department’s authority for code enforcement. Create an oversight commission made up equally of builders and local government officials and empower them to issue fines, suspend or revoke a local unit’s authority to issue permits, and carry out inspection duties.

## | REDUCING COSTS TO BUILDING

**Connections** – Delayed power connections have been an issue for the last couple of years in the residential building industry. Part of the delay has been the process of power companies, and for a while it was the lack of transformers.

Ideas previously discussed are penalties if the utilities or their contractors fail to show up on time to either connect or disconnect. Could there be a credit to the developer if the company fails to deliver on time? Should a mandated response time be required? Should the fine be a secondary issue with daily fines rather than steps? Could a 3<sup>rd</sup> party be used if the power company is unable to meet the connection date?

**Introduce legislation (Draft 05355 '19 Draft 1)** that would prohibit a local unit of government from charging fees based, in whole or in part, on the construction costs or the valuation of a project for which a permit is requested. Fees shall be based solely on the actual costs, including overhead, incurred by the commission providing the related acts and services.

**Allow for Third Party Inspections** – Allow builders and developers to use an approved list of 3<sup>rd</sup> party inspectors if the municipal inspector is unable to complete the inspection in a reasonable amount of time. We have language to be submitted for draft legislation.

**Refund Permit Fees if Permit Isn't Issued in the Timeline** – Governor Whitmer, in her 2025 State of the State address, spoke about removing barriers to “Build, Baby, Build.” What we hear most is EGLE is the biggest offender of not meeting deadlines. Where simple permits used to take two or three months, projects are now having to wait nine to twelve months.

The Governor mentioned that if permits are not granted on time, the permit fee would be refunded. Let's start with EGLE and see if this helps create a timelier process to move projects forward.

**Discourage Local Ordinances That Prohibit Products Allowed in the MRC** – Draft legislation (0259'21 D1) was initiated by the Housing MI Coalition. It never received full support, so it was never introduced. It is time to look at this again, but as an HBAM policy request.

**Housing Impact Study** – This is an issue that has been introduced in the past. If nothing else, this legislation would have local elected officials think about the cost they are adding to a home based on their decisions locally. Draft 01395'21 D1

**Remove the Non-Homestead Tax on Land** – This is an extra property tax that applies to land that isn't your primary residence, like rental or vacant property. Some builders want it removed to reduce holding costs during development, while others don't see it as a major issue. At any rate, there are drafts to consider. 02685'21 D1 and 01685'21 D1

## | CLEAN UP LEGISLATION

**Remove** the sunset dates from the NEZ, PILT and Residential Facilities laws.

The HBAM Government Relations team will continue to work with Representatives Aragona, Fairbairn and Grant as they work in a bipartisan manner to address the housing crisis in the state of Michigan.